

Message Text

PAGE 01 STATE 106505
ORIGIN ARA-10

INFO OCT-01 EUR-12 ISO-00 /023 R

66011

DRAFTED BY: ARA:CJACOBINI:FBL

APPROVED BY: ARA:CJACOBINI

-----111213Z 012391 /53

P 110446Z MAY 77

FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN PRIORITY

AMEMBASSY BUENOS AIRES PRIORITY

AMEMBASSY CARACAS PRIORITY

AMCONSUL CURACAO PRIORITY

AMEMBASSY GEORGETOWN PRIORITY

AMEMBASSY KINGSTON PRIORITY

AMEMBASSY LONDON PRIORITY

AMCONSUL MARTINIQUE PRIORITY

AMEMBASSY NASSAU PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARAMARIBO PRIORITY

AMEMBASSY PORT AU PRINCE PRIORITY

AMEMBASSY PORT OF SPAIN PRIORITY

AMEMBASSY SANTO DOMINGO PRIORITY

C O N F I D E N T I A L STATE 106505

FOR TODMAN FROM LUERS

LLOWING TEL SENT ACT

ION SECSTATE FROM KINGSTON MAY 09:

QUOTE C O N F I D E N T I A L KINGSTON 2289

ARA FOR HEAVNER; EB FOR DUNFORD; DEPT PASS AID FOR LION AND
LEIPZIGER; TREASURY FOR MARESCA

CONFIDENTIAL

PAGE 02 STATE 106505

E.O. 11652: GDS

TAGS: EFIN, EAID, JM

SUBJECT: US/JAMAICAN ECONOMIC TEAM, MAY 6

1. ON FINAL DAY OF US/JAMAICAN JOINT ECONOMIC TEAM MEETINGS,
JAMAICAN SIDE HOSTED BOARD ROOM LUNCH AT BANK OF JAMAICA.
DEPUTY PM DAVID COORE, BOJ GOVERNOR BROWN, AND MINISTER OF
STATE FOR PLANNING RICHARD FLETCHER ATTENDED. BROWN AND
FLETCHER REMAINED FOR JOINT TEAM MEETING IN AFTERNOON.

2. DURING LUNCH, COORE AND BROWN PRESSED FOR U.S. ASSISTANCE IN HELPING JAMAICA DEAL WITH THE IMF AND LATER WITH THE IBRD. THEY EXPRESSED HOPE U.S. COULD ASSIST OVER LONGER RUN WITH IBRD TO SECURE PROGRAM LENDING.

3. BROWN AND COORE WERE FLEXIBLE ON EXCHANGE RATE QUESTION AND WERE RECEPTIVE TO AN APPROACH WHICH WOULD ENTAIL A SYSTEM OF GUIDELINES UNDER WHICH ADJUSTMENTS IN THE RATE COULD BE MADE.

4. DURING LUNCHEON MINISTRY OF FOREIGN AFFAIRS PERMSEC FRANK FRANCIS INQUIRED AS TO THE U.S. POSITION ON ECONOMIC ASSISTANCE VIS-A-VIS THE IMF. HE ASKED SPECIFICALLY IF US AID WAS TIED TO THE IMF. U.S. REP DONOR LION RESPONDED THAT THE U.S. IS AN INDEPENDENT SOVEREIGN COUNTRY AND DOES NOT TIE ITS POLICIES TO ANY INTERNATIONAL INSTITUTION. DEPUTY PRIME MINISTER COORE NOTED THAT JAMAICA AND THE U.S. HAVE A COMMON POSITION IN THIS RESPECT. LION NOTED, HOWEVER, THAT ANY OBJECTIVE ASSESSMENT OF JAMAICA'S NEEDS WOULD SHOW THAT U.S. ASSISTANCE ALONE WILL NOT MEET THE ANTICIPATED FOREIGN EXCHANGE GAP, AND THAT THE IMF IS IN A POSITION TO MEET NEARLY HALF OF JAMAICA'S SHORT TERM NEEDS. IN ADDITION, AN AGREEMENT WITH THE IMF IS THE KEY TO UNLOCKING THE COOPERATION AND SUPPORT OF OTHER DONORS AND PRIVATE LENDING INSTITUTIONS IN THE LONG AS WELL AS CONFIDENTIAL

PAGE 03 STATE 106505

SHORT RUN. ACCORDINGLY, IT WOULD SEEM THAT THE EFFECTIVENESS OF U.S. ASSISTANCE WOULD BE SERIOUSLY REDUCED IF JAMAICA FAILS TO REACH AN AGREEMENT WITH THE IMF. GOVERNOR BROWN EXPRESSED SATISFACTION WITH THIS EXPLANATION.

5. IN AFTERNOON CLOSING SESSION, U.S. REP LION SPOKE FROM PREPARED TEXT AS FOLLOWS: BEGIN TEXT:

A. AS YOU KNOW, THIS IS THE TRADITIONAL TIME TO SAY "THANK YOU FOR YOUR HELP AND YOUR COOPERATION." BUT IT IS A PARTICULARLY EASY THING TO CARRY OUT A TRADITION WHEN ONE BELIEVES SINCERELY WHAT HE IS SAYING. AND THAT IS THE HAPPY SITUATION IN WHICH OUR WHOLE TEAM FINDS ITSELF.

B. WE WISH TO SAY THAT IT HAS BEEN AN ENTIRE PLEASURE, NOT ONLY BECAUSE OF YOUR GOOD COMPANY WHEN WE TOGETHER WENT ABOUT OUR BUSINESS BUT ALSO BECAUSE OF THE COMPETENCE, PROFESSIONALISM, CANDOR AND COMPREHENSIVENESS OF YOUR RESPONSE TO OUR QUESTIONS AND COMMENTS. IT HAS BEEN, IN SHORT, A PROFESSIONAL AND PERSONAL PRIVILEGE TO HAVE WORKED WITH YOU THESE LAST FEW DAYS.

C. LET ME MAKE A FEW COMMENTS ABOUT THE TERMS
OF REFERENCE WHICH GUIDED OUR TALKS:

FIRST, WE THINK THEY SERVED THEIR PURPOSE WELL. BUT
BEING COMPOSED OF PEOPLE OF COMMON SENSE, OUR TWO
TEAMS DID NOT FEEL INFLEXIBLY LIMITED BY THE LANGUAGE
OF THE TERMS; NOR DID WE JOINTLY FEEL WE HAD TO
PURSUE EACH DOTTED "I" AND CROSSED "T" WITHOUT
SOME DISCRIMINATION. WE DID, IN FACT, MAKE CHOICES
AND WE CHOSE TO FOCUS ON THE EMERGENCY PRODUCTION PLAN,
THE PROPOSED 1978 BUDGET, THE FOREIGN EXCHANGE CRISIS
CONFIDENTIAL

PAGE 04 STATE 106505

AND THE RELATIONSHIP, OVER THE NEXT SEVERAL MONTHS,
BETWEEN INTERNAL AND EXTERNAL ECONOMIC DEVELOPMENTS
AND POLICY. IN TERMS OF OUR TIME HORIZONS, WE CON-
CENTRATED MOST OF OUR ATTENTION UPON THE NEXT 12
MONTHS.

THESE WERE YOUR MOST URGENT CONCERNS AND WE HAPPILY
JOINED YOU IN EMPHASIZING THEM.

BUT WE ALSO DEALT WITH EXPORT POTENTIALS AND LONGER
TERM DEVELOPMENT MATTERS. FOR GOOD REASONS,
THESE SUBJECTS WERE NOT, AND IN SOME RESPECTS COULD
NOT BE FULLY DEVELOPED. THEY MIGHT, IN FACT, BE THE
PROPER SUBJECTS OF FURTHER JOINT MEETINGS.

D. WE WOULD LIKE TO SHARE WITH YOU A FEW OF OUR
IMPRESSIONS IN TWO AREAS. WE OFFER THEM WITH SOME
TIMIDITY. DESPITE YOUR IMPRESSIVE PRODUCTION AND
TRANSMISSION TO US OF DATA, ESTIMATES, CALCULATIONS,
ANALYSIS AND KEEN INSIGHTS, WE OBVIOUSLY HAVE NOT
BEEN ABLE TO DO THEM FULL ANALYTICAL JUSTICE. FURTHER
STUDY WILL GIVE US MORE CONFIDENCE. BUT AT THIS POINT
AND WITH THE CAVEAT I HAVE MENTIONED, HERE ARE SOME
OF OUR IMPRESSIONS:

(1) NEEDLESS TO SAY, JAMAICA NEEDS SIGNIFICANT
BALANCE OF PAYMENTS ASSISTANCE. IT NEEDS IT PROMPTLY;
IT NEEDS IT FOR THE NEXT SEVERAL MONTHS; AND, IF YOUR
OUTPUT, EMPLOYMENT, STRUCTURAL, QUALITY OF LIFE,
PARTICIPATORY AND OTHER DEVELOPMENTAL AND SOCIAL
GOALS ARE TO BE APPROXIMATED OR ACHIEVED, JAMAICA WILL
PROBABLY REQUIRE BALANCE OF PAYMENTS AND PROJECT
ASSISTANCE FOR THE NEXT SEVERAL YEARS.

(IN THIS CONNECTION, MAY I NOTE THAT FOR MOST OF THE
PERIOD FROM THE BEGINNING OF THE US AS AN INDEPENDENT,
CONFIDENTIAL

PAGE 05 STATE 106505

SOVEREIGN NATION UNTIL WELL INTO THE 20TH CENTURY, IT BENEFITTED FROM HUMAN AND CAPITAL TRANSFERS, LOANS AND TECHNICAL HELP WHICH CAN PROPERLY BE CALLED ONE OF THE GLOBE'S LARGEST, MOST CONTINUOUS AND MOST UNPLANNED INTERNATIONAL ASSISTANCE EFFORT.)

(2) ALTHOUGH WE NEED TO STUDY THE DATA FURTHER, WE HAVE THE IMPRESSION THAT HOLDING THE 1978 BUDGET DEFICIT TO YOUR TARGET WILL BE A DIFFICULT CHALLENGE, REQUIRING EXCEPTIONAL MANAGEMENT, EFFECTIVE USE OF YOUR OWN AND EXTERNAL RESOURCES, MEANINGFUL EXTERNAL ASSISTANCE, AN IMPRESSIVE MEASURE OF NATIONAL DISCIPLINE, GOOD LUCK AND A CREATIVE, TOUGH AND SUSTAINED INCOMES POLICY. THE FLEXIBILITY OF A YEAR OR TWO AGO WHICH YOUR FOREIGN EXCHANGE RESERVE SITUATION PERMITTED IS NO LONGER AVAILABLE. THE TRADE-OFFS AMONG CONSUMPTION, INFLATION, EXPENDITURES AND REVENUES, IMPORT LEVELS AND COMMERCIAL, TRADE AND EXCHANGE RATE ACTIONS ARE TECHNICALLY COMPLEX AND INVOLVE THE MOST DELICATE POLITICAL MATTERS. WE THINK WE HAVE SOME UNDERSTANDING OF THIS VERY DIFFICULT AREA. ONE CAN ONLY ADMIRE THE EFFORTS THAT ARE BEING MADE AND WISH YOU WELL IN IMPLEMENTING, MONITORING AND ADJUSTING AS YOU GO.

E. I SHOULD LIKE TO SAY A WORD OF TWO ABOUT "OTHER DONORS", A SUBJECT MENTIONED IN THE CORRESPONDENCE BETWEEN AMBASSADOR RATTRAY AND SECRETARY VANCE. IT WAS INITIALLY THOUGHT THAT WE WOULD SPEND SOME TIME, IN THIS JOINT ENDEAVOR, ON THE QUESTION OF THEIR FUTURE INVOLVEMENT. IT IS EVIDENT THAT JAMAICA IS WELL ALONG IN DEALING WITH BILATERAL AND INSTITUTIONAL SOURCES OF COOPERATION ON BALANCE OF PAYMENTS ASSISTANCE IN THE IMMEDIATE AND SHORT-RUN. AT THIS STAGE, AND DEPENDING UPON CONCLUSIONS TO BE CONSIDERED AND REACHED AFTER OUR RETURN TO WASHINGTON, CONFIDENTIAL

PAGE 06 STATE 106505

US COOPERATION IN INVOLVING OTHER DONORS MIGHT BE BEST DIRECTED AT THE USE OF ITS "GOOD OFFICES", AS APPROPRIATE. ON LONGER TERM DEVELOPMENT MATTERS, IT IS FOR THE GOVERNMENT OF JAMAICA, JUST AS IT IS WON ISSUES AFFECTING THE FOREIGN EXCHANGE CRISIS, TO DETERMINE HOW IT WISHES TO RELATE TO THE SPECTRUM OF CAPITAL SUPPLIERS, PUBLIC AND PRIVATE. FOR OUR PART, WE WOULD WELCOME AND EVEN ENCOURAGE SYSTEMATIC COORDINATION BETWEEN AND AMONG JAMAICA AND OTHERS. IT IS POSSIBLE WE COULD BE HELPFUL IN SUCH AN ENTERPRISE, SHOULD YOU PURSUE IT AND BE INTERESTED IN OUR SUPPORT.

F. WE SHOULD ALSO SAY SOMETHING ON THE QUESTION OF A POSSIBLE FOLLOW-UP JOINT TEAM EFFORT. INASMUCH AS OUR INITIAL CONSULTATIONS INCLUDED PROVISION OF SUCH A SECOND, TECHNICAL JOINT TEAM AND IS A MATTER OF PUBLIC RECORD, WE CAN EXPECT INQUIRIES ON THIS SUBJECT. HOW WE BOTH HANDLE THIS MATTER IS IMPORTANT BECAUSE OF THE TEMPTATION OTHERS MAY NOT BE ABLE TO RESIST TO FORM IMAGINATIVE CONCLUSIONS AS TO THE MEANING OF OUR ACTIONS...HERE ARE SOME OF THE CONCLUSIONS WE HAVE FORMED AND WOULD LIKE TO EXPLORE WITH YOU:

(1) WE DO NOT SEE THE NECESSITY, AT THIS STATE, FOR A FOLLOW-UP TEAM ON THE FOREIGN EXCHANGE CRISIS. WE ARE ALSO AWARE THAT YOU WILL BE DEALING WITH OTHERS ON THE SAME SUBJECT IN THE COMING WEEKS.

(2) DEPENDING UPON WHAT CONCLUSIONS AND DECISIONS OUR GOVERNMENT MAKES AFTER OUR RETURN, IT MAY BE USEFUL TO COME TOGETHER IN JAMAICA OR WASHINGTON TO FOLLOW UP. WE WILL SURELY BE IN TOUCH WITH YOU ON THAT.

(3) IN THE NEAR FUTURE, YOU MAY WISH CONTINUING DISCUSSIONS ON EXPORT POTENTIALS.
CONFIDENTIAL

PAGE 07 STATE 106505

(4) DOWN THE ROAD, YOU MAY WISH TO FORM A JOINT TEAM, WITH US BILATERALLY OR IN SOME COORDINATED MULTILATERAL EFFORT, ON ECONOMIC COOPERATION AND ASSISTANCE RELATED TO JAMAICA'S DEVELOPMENT PLANS AND PROGRAMS. ENGAGING IN SUCH A JOINT EFFORT IN THE NEXT FEW WEEKS DOES NOT SEEM TO US TO BE AN OPTIMUM USE OF YOUR AND OUR HUMAN RESOURCES.

WE WOULD APPRECIATE YOUR VIEWS ON THESE QUESTIONS.

G. FINALLY, BEFORE WE BEGIN OUR DISCUSSIONS, INCLUDING THE ISSUE OF A JOINT PUBLIC STATEMENT, LET ME BRIEFLY DESCRIBE OUR NEXT STEPS:

THE US TEAM WILL RETURN TO WASHINGTON, CONCLUDE ITS ANALYSES AND INTERNAL DELIBERATIONS, AND PREPARE AND SUBMIT ITS REPORT TO THE SEVERAL CONCERNED OFFICIAL SNA AGENCIES.

THE TEAM EXPECTS THAT WITHIN A FEW WEEKS AFTER THE SUBMISSION OF OUR REPORT, DECISIONS WILL BE MADE ON THE RELEVANT KEY QUESTIONS--

"WHETHER", "WHAT LEVEL", "WHAT KIND" AND "WHEN"

ARE THE OPERATING WORDS SURROUNDING THE ASSISTANCE AND ECONOMIC COOPERATION ISSUES.

THOSE ARE THE GENERAL OUTLINES OF THE SCENARIO AS WE SEE IT. ONCE AGAIN, I REITERATE OUR SINCERE APPRECIATION FOR THESE LAST FEW DAYS, INCLUDING YOUR GRACIOUS PERSONAL AND GENERAL INSTITUTIONAL HOSPITALITY. WE HOPE THIS WILL PROVE TO BE A SUCCESSFUL

COOPERATIVE ADVENTURE AND THAT, AS OUR MORE SENIOR OFFICIALS INTENDED, WE ARE LAUNCHED UPON A SATISFYING, MUTUALLY BENEFICIAL CHAPTER IN THE RELATIONS BETWEEN OUR TWO COUNTRIES. END TEXT.

6. IN RESPONSE TO U.S. STATEMENT, MINISTER FLETCHER NOTED THAT "IF WE OBTAIN ASSISTANCE FROM THE U.S. IN THE FIRST INSTANCE AND FROM THE IMF SECOND, WE WILL HAVE A BREATHER AND IT WILL BE POSSIBLE FOR US TO CONFIDENTIAL

PAGE 08 STATE 106505

PROCEED ON THE BASIS OF THE PRIME MINISTER'S APRIL 22 SPEECH. IF NOT, WE WILL HAVE TO RETHINK OUR ENTIRE EFFORT AND CUT BACK DRASTICALLY." FLETCHER STRESSED THE NEED TO MOVE FORWARD WITH A STRONG INCOMES POLICY.

7. GOVERNOR BROWN NOTED THAT IF THE IMF NEGOTIATIONS ARE NOT CONCLUDED BY JUNE 1, THERE WILL HAVE TO BE SAVAGE CUTBACKS AND A TOTAL CUT IN IMPORTS. HE STRESSED URGENCY OF THE TIMEING AND EXPRESSED HOPE THAT GOJ WOULD HAVE CONCLUSIONS OF THE USG AS SOON AS POSSIBLE. HE ASKED WHEN U.S. TEAM THOUGHT SUCH CONCLUSION MIGHT BE REACHED. LION RESPONDED BY REITERATING HOPE REPEAT HOPE OF THE TEAM THAT SOME DECISIONS MIGHT BE REACHED SOONER THAN THE MIDDLE OF JUNE.

8. IN CLOSING, FRANCIS EXPRESSED THE APPRECIATION OF THE GOJ FOR THE QUICK RESPONSE TO FOREIGN MINISTER PATTERSON'S REQUEST FOR THE FORMATION OF THE JOINT ECONOMIC TEAM. HE EXPRESSED CONFIDENCE THAT PATTERSON WOULD BE VERY PLEASED AT THE SUCCESS OF THE VISIT AND WOULD BE EVEN MORE PLEASED WHEN HE HEARS AND SEES THE RESULTS. DORRANCE UNQUOTE CHRISTOPHER

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, MEETING DELEGATIONS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE106505
Document Source: ADS
Document Unique ID: 00
Drafter: ARA:CJACOBINI:FBL
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Expiration:
Film Number: D770165-0973
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197705110/baaaevwt.tel
Line Count: 311
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Message ID: f3a86088-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2345352
Secure: OPEN
Status: NATIVE
Subject: US/JAMAICAN ECONOMIC TEAM, MAY 6
TAGS: EFIN, EAID, JM, US
To: BRIDGETOWN BUENOS AIRES MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f3a86088-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009